

December 31, 2005

VIA FACSIMILE AND OVERNIGHT COURIER

Goodwin Consulting Group
701 University Avenue
Suite 225
Sacramento, CA 95825

Owner's Annual Report
City of Fremont Community Facilities District No. 1 (Pacific Commons)
Special Tax Bonds, Series 2001 (the "Bonds")

Ladies and Gentlemen:

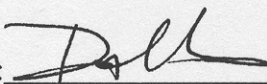
Enclosed herewith is the Owner's Annual Report for the period ending December 31, 2005, which ProLogis (Formerly Catellus Development Corporation) is delivering to you in your role as the Dissemination Agent under that certain Continuing Disclosure Certificate – Landowner dated June 27, 2001 (the "Disclosure Certificate"). Capitalized terms not otherwise defined in this letter have the meanings ascribed to them in the Disclosure Certificate. The Disclosure Certificate was executed and delivered by ProLogis in connection with the issuance by the City of Fremont of the Bonds.


You are hereby requested, pursuant to Section 3(b)(i) of the Disclosure Certificate, to provide the enclosed Annual Report to each Repository, with a copy to the City and the Participating Underwriter.

ProLogis hereby certifies that the Annual Report constitutes the Annual Report that is required to be furnished by the Owner pursuant to the Disclosure Certificate.

Thank you for your prompt attention to this matter.

ProLogis, a Maryland Real Estate Corporation

By: _____

Its: _____

Enclosure

cc: Chief Financial Officer, City of Fremont

Owner's Annual Report

City of Fremont Community Facilities District No. 1 (Pacific Commons) Special Tax Bonds, Series 2001

For the fiscal year ending December 31, 2005

1. Describe any material changes to the plan of development of the public and private improvements being constructed by the Owner of any Affiliate thereof located within the District (the "Improvements") from that shown in the Official Statement for the Bonds:

A Second Amended Notice was recorded to reflect the two changes for Community Facilities District No. 1 (Pacific Commons) ("CFD No.1") ordered by Resolution No. 9926, adopted by the City Council of the city of Fremont on June 10, 2003 ("Resolution No. 9926"), and summarized as follows:

- a. First, the rate, method of apportionment and manner of collection of the authorized special tax (the "Rate and Method of Apportionment") for CFD No. 1, has been revised to subject the property within Zone 2 (approximately 154 acres) to the Facilities Special Tax, as said term is defined in the Rate and Method of Apportionment; and
- b. Second, the description of the authorized maintenance services of CFD No. 1 has been revised, primarily to (1) include storm drain maintenance and (2) clarify the exclusion of maintenance of certain improvements in the private realm.

See also sections 7 and 9 below.

2. Describe any sales or leasing of material portions of the Property during the Fiscal Year covered by such Annual Report, including the identification of each material lessee, and the square footage leased and the number of acres sold, as applicable.

Lessee/Buyer	Location/Address	Square Footage/Acreage
Mission Peak Associates, LLC (Buyer)	43971 Boscell Road	7,550 SF
Arena Capital, LLC (Buyer)	43921 Boscell Road	50,437 SF
NICPA Holdings, Ltd. (Buyer)	NEC Bunch & Cushing	3.22 Acres
Block 1 - Kohl's (Ground Lessee)	43782 Christy St	6.243 Acres
Block 1 - Circuit City (Lessee)	43706 Christy St	33,859 SF
Block 1 - Linens N Things, Party America, Office Depots (Lessees)	43756 Christy St, 43732 Christy St, 43742 Christy St	56,700 SF (100% Leased)
Block 2 - Old Navy, Basset, DSW (Lessees), multi-tenant,	Christy St. various addresses	82,000 SF (100% Leased)

etc.		
Lowe's (Ground Lessee)	43612 Pacific Commons Blvd	12.359 Acres
CostCo (Ground Lessee)	43621 Pacific Commons Blvd	14.906 Acres
P4 Bldg multi-tenant Lessees	Christy St. various addresses	8,179 SF (80% Leased)
P5 Bldg multi-tenant Lessees	Christy St. various addresses	14,792 SF (100% Leased)
Claim Jumper (Lessee)	43330 Pacific Commons Blvd.	14,300 SF
In-N-Out (Lessee)	43349 Pacific Commons Blvd.	3,187 SF
PC Retail Investors, LLC (Buyer – Bldgs Only)	Area 4B – Boscell Road	51,600 SF

3. Describe how many acres of Property were owned by the Owner or any Affiliate thereof as of the end of the Fiscal Year covered by such Annual Report.

Approximately 308.64 acres.

4. Describe any delinquency in the payment of Special Taxes by the Owner or any Affiliate thereof.

None.

5. Describe any pending litigation which would adversely affect the ability of the Owner to develop its Property or to pay Special Taxes levied on its Property.

None.

6. Describe any material change in the structure or ownership of the Owner.

- a) Catellus Development Corporation has merged with ProLogis, an Industrial real estate investment trust (REIT), effective September 15, 2005. The restructuring included the formation of Palmtree Acquisition Company, a wholly owned subsidiary of ProLogis to handle the merger. ProLogis is publically traded on the New York Stock Exchange, and any share of Catellus common stock was converted to ProLogis stock per the market rates at the time of the merger.
- b) Catellus Development Corporation announced the completion of the merger of affiliated entities as part of the restructuring of the company's business operations to allow the company to operate as a real estate investment trust, or REIT, effective January 1, 2004. The restructuring included the formation of Catellus SubCo, Inc. and Catellus Operating Limited Partnership. On December 1, 2003, the predecessor Catellus Development Corporation ("Old Catellus") merged with and into Catellus Operating Limited Partnership. Catellus SubCo, Inc. owns, directly or indirectly, all of the equity interests of that partnership. Catellus SubCo, Inc., which, concurrently with the merger, changed its name to Catellus Development Corporation, has become the publicly traded, New York Stock Exchange listed company in place of Old Catellus, and succeeds to and will continue to operate, directly or indirectly, the businesses of Old Catellus. As a

consequence of the merger, each share of Old Catellus common stock will be converted into one share of common stock of the successor Catellus Development Corporation.

7. Describe the status of completion of the Improvements.

I. Vertical Construction

APN/Building	Building Permit Issued	Construction	Notice of Completion/Certificate of Occupancy
525-1326-009 Buildings 1&2	Yes	Yes -- Completed	Yes
525-1326-010,011 Buildings 3&4	Yes	Yes -- Completed	Yes
525-1326-12 Building 5 (Intel)	Yes	Yes -- Completed	Yes
525-1326-32 Building 6	Yes	Yes -- Completed	Yes
525-1326-35 (Cisco Lease)	No	N/A	N/A
525-1326-36 (Cisco Lease)	No	N/A	N/A
525-1326-37 (Magnussen Family LLC)	No	N/A	N/A
525-1326-48 (Cisco Lease)	No	N/A	N/A
525-1326-49 (Cisco Lease)	No	N/A	N/A
525-1326-50 (Cisco Lease)	No	N/A	N/A
525-1670-001 Fremont Pediatric Medical Building (Mission Peak Associates, LLC)	Yes	Yes -- Completed	Yes
525-1670-002&003 Lowe's Building	Yes	Yes -- Completed	Yes
525-1670-005 Retail Area 1	Yes	Yes -- Vertical Construction, some complete, some remains	Majority of C of O's, Certs Issued.
525-1670-006 Kohl's Building	Yes	Yes -- Completed	Yes

525-1670-007 Buildings P4&P5	Yes	Yes -- Completed	Yes
525-1670-009 Planning Area 3C	No	No - Estimate 2/06 Start	N/A
525-1670-010 Planning Area 3C	No	No - Estimate 2/06 Start	N/A
525-1670-011&012 CostCo Building	Yes	Yes -- Completed	Yes
525-1670-013	No	N/A	N/A
525-1670-014	No	N/A	N/A
525-1670-015 Planning Area 4	No	No- Estimate 2/06 Start	N/A
Portion of 525- 1670-016, 017 Vantec Building (Arena Capital, LLC)	Yes	Yes -- Completed	Yes
525-1670-018 InNOut Building	Yes	Yes -- Completed	Yes
525-1670-019 Claim Jumper	Yes	Yes -- Estimate 5/06 Completion	No
525-1670-020 (NICPA Holdings, Ltd)	No	N/A	N/A
531-0223-029 (Magnussen Lease) Jaguar	Yes	Yes -- In Progress	No
531-0223-030&031 (Magnussen Family LLC) Lexus	Yes	Yes -- In Progress	No
531-0223-037 Building 7	Yes	Yes -- Completed	Yes

*Must list "each Alameda County Assessor's parcel in the District subject to the Facilities Special Tax."

II.

Infrastructure

The construction of Cushing Parkway 1,2 and Cushing 3 Bridge are complete and open to the public. We are working to finish punch list items and obtain utility company signoff for final city acceptance. ProLogis has submitted for CFD reimbursement for Cushing 1, 2 & 3. \$9.9MM has been reimbursed for Cushing 1,2 and \$2,4MM for Cushing 3 to date. We anticipate final City acceptance by the end of the 1st quarter of 2006.

Bunche from Nobel Drive to Boscell Road is now open to the public. We anticipate final acceptance from the City by the end of the 1st quarter of 2006. ProLogis is in the process of submitting the CFD reimbursement packages.

Boscell Road Phase 1 from its intersection with Bunche drive heading north has been completed. The remainder of Boscell is complete. The road is open to the public, we anticipate final city acceptance by the first quarter of 2006. ProLogis is in the process of submitting the CFD reimbursement packages.

ProLogis has commenced the construction of infrastructure to serve approximately 800,000 SF of retail development along Auto Mall Parkway and Christy Street on March 22nd, 2004. This work was completed November 1, 2004 barring some minor punch list items. The retail infrastructure includes Pacific Commons Boulevard to Curie Street, Curie Street, and Christy Street from Auto Mall Parkway to Brandin Court. All retail streets are open to the public, and we anticipate final city acceptance by the end of the first quarter of 2006. ProLogis is in the process of preparing the CFD reimbursement packages.

Wetlands

Within the Pacific Commons Park, ProLogis is nearly complete with restoring a habitat for various endangered species. The wetland preserve area is approximately 390 acres and is located on the southern and western portion of the project.

The first phase was completed in 1998 and consisted of 24 acres of land and approximately 10 acres of inundated pool area.

The second phase was completed in 2001 and consisted of 10 acres of land area and approximately 2 acres of inundated pool area.

The third phase of wetlands construction commenced in the fall of 2001. This phase is approximately 180 acres in total area. The inundated pool area is expected to be 46 acres when complete. ProLogis was able to complete 36 acres of inundated pool area by the third quarter of 2004. ProLogis is in the process of determining if the remaining 10 acres will be required. If required, the remaining pools will be constructed after the existing N-1 channel is filled in late 2006.

The forth phase consists of 176 total acres and approximately 28 acres of inundated area. In addition to the creation of the wetlands, this area also required the removal of an asphalt drag strip racetrack and removal of a Sky Sailing airport runway built of concrete; this removal work has been completed. The wetland ponds were completed in November 15, 2002. Cattle fencing is in the process of being installed and will be completed by the end of January 2006 to being the grazing management plan. We have also completed the installation of a gravity flow bypass to place the Auto Mall Auto Dealer's storm water run-off behind the current temporary weir. The "ultimate storm water treatment design" will be completed by October 1, 2006. Design and Agency approval are underway.

Phase five, the remaining wetland mitigation area, is the Stevenson Wetland area. This parcel is approximately 55 acres that is projected to yield 8 acres of inundated pools. This work was completed in November 2003. There is an additional requirement to construct certain improvements within the Stevenson Right of Way. These improvements require securing a

storm drain easement from PG&E. We are currently pursuing condemnation of this land easement from PG&E with the City. The completion of these improvements is scheduled for October 1, 2006.

8. Describe the status of any financing with respect to the Improvements.

Location/Address	Lender	Status
44051-44131 Nobel Dr. - Blds. 1 & 2	TIAA	Financed
44259 Nobel Dr. – Bld. 6	TIAA	Financed

9. Describe significant amendments to land use entitlements for the Improvements.

On July 22, 2003, the City Council approved PLN2003-00166 Pacific Commons Planned District Major Amendment. The Planned District Major Amendment modified the approved land use and circulation plans for the Planned Development known as Pacific Commons (P-2000-214). Specifically, the proposal will 1) allow for the creation of a unique, pedestrian-oriented community retail shopping center at the east Activity Center in place of the previously envisioned hotel, office and retail uses; 2) relocate the Major Retail Area eastward from its current location to an approximately 40 acre area along Auto Mall Parkway between Christy Street and Boscell Road; 3) allow for the development of mixed retail, one to four-story Office/R&D buildings and Auto Dealerships on the west side of Boscell Road from Auto Mall to Curie Stree; 4) return Boscell road to the alignment proposed through the 2000 approvals; and 5) extend Pacific Commons Boulevard from Curie Street to Auto Mall Parkway. Additionally, the proposal necessitated an amendment to 2000 Amended and Restated Development Agreement between the City of Fremont and Catellus Development Corporation, and to the City's Option Agreement and Fire Station Promissory Note for property within Pacific Commons. Amendments to the Development Agreement between the City and Catellus were also approved to: (i) extend the completion of Cushing Parkway as previously reviewed by Council on May 13, 2003; and (ii) limit drive-through restaurants to two unique establishments.

10. Describe the status of any legislative, administrative, and judicial challenges to the construction of the Improvements as known to the Owner.

None known.

11. Identify the assumption of any obligations by a landowner pursuant to Section 6 of the Continuing Disclosure Certificate.

None.